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AMERICAN MANAGEMENT REVIEW

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and others.

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AMERICAN MANAGEMENT REVIEW

September, 1924

THE MEMBERS' FORUM

"It Can't be Done in Our Business"

In the old days business men were born opportunists. When skies were blue and winds were fair they loved to crack on sail, with no thought of those sinister looking puffs which often appeared on the horizon. Frequently the squall struck. Masts cracked, sails ripped, and sometimes the whole precious cargo went to the bottom. But the captain did not worry. He usually felt himself the last man in the world to be blamed, and if tomorrow were fair he would crack on sail again, regardless of what happened to him yesterday.

Times have changed. We are just emerging from the worst financial storm this country has ever weathered. Old ways of doing business are not sufficient. Apparently we must do more than just think of the present-day problems. If we are to have a profitable business year in and year out, we must take steps to avoid the wastes of seasonal production. In other words, we must stabilize our business. For every two men who read that last sentence probably one of them is saying: "That is all right for your business, but my business cannot be stabilized—it is different." This is just what the Proctor & Gamble Company said before it studied its problem. Now it has ended by being so sure of having steadied its production that it is willing to guarantee forty-eight weeks of employment to its workers every year. The same task of regularizing employment has confronted a host of other companies, such companies as the Sherwin Williams Paint Company, the Plimpton Press, the Walworth Manufacturing Company, the Columbia Conserve Company, the Hills Brothers Company, etc. All these concerns probably started with as discouraging an outlook as any, so far as the hope of stabilizing was concerned. But they analyzed their problem intensively. They kept at it. They added supplementary lines. They manufactured for stock. They ran sales contests in the off seasons. They advertised judi-

ciously. They gave larger discounts at certain times than others. In a hundred aggressive ways they attacked the "slump bugaboo," and to a great extent overcame it.

So many business men think of regularizing production as a desire to appease labor. It is "humane" and all "humane" experiments to them mean added costs. Without attempting to question the sincerity of those executives who have had a part in steadying production in their own plants, I doubt if any of them were actuated solely by humanitarian motives. They were actuated by business foresight which told them that regular production would probably cut their costs, improve their product and add greatly to the skill, as well as to the contentment of their workers. Since the experiment has been tried, their profits in most cases have probably increased. Their workers are better workers, as well as happier individuals. Their whole business has taken on a regularity and continuity which, from the executives down, makes business less of a strain and more of a pleasure. To that extent, making business more stable is undoubtedly "humane." Who would not have it so, if with it went increased net profits and a greater sense of well-being to both employers and employees?

E. G. DRAPER, *Treas. and Asst. to President,*
The Hills Brothers Company.

Let Each Man Prove His Value

What about wages? There ought never to be any trouble.

Here is my creed and also my practice.

There are five doors leading into my hypothetical plant. The plant has the reputation of being very delightful, a place to win into if possible, a place it is a catastrophe to have to leave.

Notices over the doors

Door One: Entrance for workers worth \$1,000 an hour.

Door Two: Entrance for workers worth \$100 an hour.

Door Three: Entrance for workers worth \$10 an hour.

Door Four: Entrance for workers worth \$1 an hour.

Door Five: Entrance for workers worth 10 cents an hour.

(There may be intermediate gradations, but the five doors illustrate the principle.)

On opening day, a large crowd gathers on the outside. I tell them that what I am looking for, what I most want to find, is the \$1,000 an hour man, even if he only works one hour a day. Oh, yes! The door is there. Anyone can enter, but there are some tests to prove the \$1,000 an hour value.

There is a law that is often forgotten: Value increases faster than cost.

A steam engine using 1,000 pounds pressure is 10 times as effective as one using 100 pounds pressure, but it only requires about twice as much coal. It is harder to construct, costs more per pound.

A horse able to trot a mile in two minutes does not eat twice as much as a horse whose best gait is a mile in five minutes, but he eats better food.

A diamond is worth one thousand times as much as a rhinestone, but it does not take more than 10 times as long to cut it. Human low-pressure engines, slow travelers, glass quality, are not going to receive \$1,000 an hour simply because they press into the \$1,000 gate.

I know well a man who received a compensation of \$420,000 a year, but not until he had first by his plans brought and laid in his employer's hands \$10,000,000 extra profit.

Did you ever read the story of Lorna Doone? Her grandfather, old Ensor Doone, a wicked old aristocrat and outlaw, had taken refuge in a valley with his cut-throats, their wives and their children. The entrance to the valley was a stone portal 6 feet high and 3 feet wide. Any boy reaching 21 years was sent to this portal. If his head grazed the top and his shoulders the sides, he could stay with the gang, otherwise he was banished into the outer world where he had to earn his living honestly.

The \$1,000 an hour portal is a severer test than the portal to the Doone Valley.

There are perhaps not twenty people in all the world who can measure up to it.

The more the pity.

There is, however, the \$100 an hour portal.

Failing to secure \$1,000 an hour men, I would like a plant filled with \$100 an hour men, men capable of delivering \$500 an hour, eager and glad to do it.

The tests are, however, severe.

The door is there, but the applicants don't measure up. I do not lower the lintel nor contract the width. There are lower and narrower doors down the line. I want \$100 men, but few come.

Further along is the \$10 an hour door. The requirements are still severe, there are thousands who can measure up, but even then, more who cannot and who drift towards the \$1 an hour door. Here the requirements are so easy that any really good men ought to get through.

Unfortunately, a lot of the 10 cents an hour men crowd through the \$1 door and so lessen the average quality of the mass, so that the rate has to be lowered to 50 cents. Each man is not individually measured, there are so many that they are herded through to the everlasting detriment of the plant and of all who work therein.

As for the 10 cents an hour door, there are no barriers in it, except that the passage beyond leads outside, not inside. I do not want any 10 cents an hour men. I don't want slate when I am buying fuel, I want pure carbon,

without moisture, with minimum of ash, with all the combined hydrogen in the carbon. Fuels like hydrogen, acetylene, natural gas, paraffines, oils, waxes, are worth something.

Do you know that coal with 60 per cent carbon does not have 60 per cent value? It has no commercial value.

Persons only 60 per cent good, have no commercial value.

My struggle with workers is not to squeeze down their wages, but to squeeze up their ability.

There is one great employer of labor who has the right idea. It is the same man who traded a \$420,000 a year position for a \$10,000,000 profit.

He gives his workers 20 per cent more than they ever thought of demanding, then demands of them 50 per cent more than they ever considered themselves capable of.

This is good work all around. It is in exact accordance with the principle.

The \$1,000 an hour salaries are most common among those workers first described who work to the 100th part of a second and have to be absolutely perfect. I could name half a dozen whom all would recognize. It has been my pleasure as well as very instructive for me to study these perfect workers and to learn from them how all work ought to be done, how all workers ought to work.

HARRINGTON EMERSON, *President,*
The Emerson Engineers.

Are Psychological Tests Here to Stay?

The present status of psychological testing is, if we may be permitted the simile, rather that of a camouflaged gun. The gun is no less effective for its war paint, but it is less easily discernible. Psychology won a signal victory with the Army Tests. Immediately thereafter sprang up innumerable parasites, pseudo-psychologists who made fabulous promises and flourished solely on the fame of the army psychologists. Because like any other science, psychology must develop slowly, the over-night growth of clamoring self-styled psychologists was foredoomed. Unfortunately their ignominious defeat, coupled with the misinterpretation and misuse of standard tests by untrained people, and particularly the use of the intelligence test as a cure-all, has reflected also upon the legitimate science, thereby making it difficult for the average individual to distinguish the true from the false. Hence arose a more than ever skeptical attitude toward all things psychological.

Other factors worked at the same time to augment this uncertainty of popular opinion. Perhaps chief among these was the relative youth of psychology as a science. Although from time immemorial there has been an intense interest in human thoughts, feelings, and actions, it is only within the last quarter of a century that we were inclined to think that these were due to

the operation of mental laws rather than to the inspiration of some spirit. When we discovered that such laws did exist, our knowledge of them was very meager. With so little to guide us, it is not remarkable that psychological tests have not always proved infallible, and that we have even now relatively few tests of established value to discriminate between aptitude for one or another of the many types of work in modern business, or between the still greater number of mental and personal human traits.

Many Experiments Necessary in Standardizing Tests.

The standardization of a psychological test is not simple. There must be first of all an analysis of the trait to be tested, or of the ability called for by the job; applicable tests must be selected or devised; experiments on many cases must be conducted; the results must be submitted to unemotional, unbiased statistical procedure; and if those results are favorable, we will have a test which we may try with some belief that it will tell the story that we want. However, particularly with tests in business, it is not until that test has been followed up for a period of time that it may be considered reliable, and as a matter of fact, the follow-up must continue indefinitely because a change in either the grade of applicants, or the conditions of the job itself, will probably alter the significance of the test correspondingly.

These limitations are due, after all, to the vagaries of youth. Psychology and its tests have many factors working in their favor. Two are of particular importance. The first is an inherent interest in human nature. We do not understand it, but we wish to do so, and psychology as a means to that end, whether from selfish or altruistic motives, will hardly be ignored. The second factor has commercial value. Our modern business has machinery, systems, and principles to make it always increasingly efficient but these, after all, depend upon the human factor which we have so long taken for granted. The more keen and far-sighted business men of to-day are beginning to realize that there is often much less than the desired maximum of profit to the business organization as well as to the worker himself due to a tremendous waste of human energy. Psychology can and undoubtedly will remedy this condition.

Psychology does not yet offer an adequate solution of our problems, but given our university laboratories and the intelligent support of business men, psychology should approach its goal even more rapidly than did the study of medicine whose origin was likewise clouded by superstition and mystery. It has often been said and proved that like attracts like, and there is every reason to believe that scientific psychological tests, the concrete expression of psychological principles, will find their place a not insignificant one in our scientific age.

JOSEPHINE R. GLASCOCK, *Psychologist*,
R. H. Macy & Co.

THE MANAGEMENT INDEX

Abstracts and News Items

332. FINANCIAL MANAGEMENT

Are Bank Service Rates Reasonable?

Twelve vital questions with reference to foreign trade financing are here answered. In regard to the difficulty of establishing a central clearing house for credit information the reason is advanced that a bank will never want to give its closest information to a central bureau. By Charles E. Spencer. *Coast Banker*, July, 1924, p. 225:1.

Banking and Finance

Banks are fundamental factors of the country's business organization; with the universal dependence of industry and commerce upon credit, their power and responsibility for controlling the character and expansion of business projects has become enormous. For executive banking positions college training is increasingly demanded. Schools of business which offer organized programs in banking vary in their requirements since some emphasize the underlying principles of all business organization. *Journal of Personnel Research*, May, 1924, p. 7:7.

Bringing Banking to the People

The People's Bank and Trust Company of Los Angeles is not a class bank, but a bank for cooperation. Stock is sold to people who are unable to pay at once for even one share at \$125. It is sold on a partial-payments plan—\$50 down, the balance in six equal installments. If a man is required to have \$100 before he opens an account, or has to pay 50 cents per month if his balance is less than \$100, he resents this, with the result that he does not bank it at all. He is also permitted to withdraw savings at any time without

loss of interest, provided they have been on deposit thirty days. By C. A. Adams. *Leighton's Magazine*, August, 1924, p. 10:1.

Equipment Trust Certificates

In spite of its years in use, the highest type of security investment (except U. S. Government Bonds) is the least known on the Pacific Coast. Among a number of similar plans under which these certificates may be issued, the principal one is the Philadelphia plan. Equipment Trust Certificates are preferred obligations to all mortgage claims and records. While in a few cases there has been delay in payment of interest and principal, no record has been discovered in which full payment of both principal and interest was not ultimately made. These certificates are readily marketable. *Coast Banker*, July, 1924, p. 268.

To "Par" or Not to "Par" Stock

An exposé of the delusion that par value implies real value in stock issues. "Par stock" is popular because people unthinkingly cling to labels. "No par" stock makes no false promises and is honest. As to dividend paying, the financial position of the two systems is identical. Only the gullible will expect huge returns from a moderate priced investment. By R. F. Berkeley. *Coast Banker*, July, 1924, p. 264.

Effect of Strikes on Labor Banks

During the recent strike of the Amalgamated Clothing Workers' Union in New York a careful tabulation was kept of money withdrawals from the Amalgamated Bank. It was found that no unusual

effects could be noticed. It is the view of labor bankers generally that union members will touch their bank deposits

only as a last resort. *Industrial Relations: Bloomfield's Labor Digest*, August 2, 1924.

651. OFFICE MANAGEMENT

651.1 Space: Location, Equipment, Arrangement

Privacy, or Prestige—or Work?

The second of a series of articles on office planning and office administration. "No individual in any business concern, from the president or proprietor down to the office boy, needs a private office to uphold his dignity or safeguard his prestige or label his rank. His private office—if any—ought to be conceded for other reasons." Other problems that arise in the arrangement of an office are discussed, such as correct lighting, noise, and a consideration of the personal conveniences—locker rooms, wash rooms, and the equip-

ment of rest rooms. By Warren D. Bruner. *Business*, Aug., 1924, p. 20:3.

First Aid in the Office

An office manager will do well to have not only some first aid equipment, no matter how small the office, but also a little knowledge in preparation for emergencies. In the State of New York it is required by law that employers, with certain exceptions, who have even a small group of employees, must keep at hand first aid equipment. By E. Padelford Cochrane. *Office Economist*, July-Aug., 1924.

651.3 Organization: Job Analysis, Employment, Pay

A Large Salary for Industrial Service

The public in general does not realize the change that has come during the last ten years in the monetary recognition of the value of services rendered by those competent to deal with the labor problems of an industry. The present trend is toward big compensation for men big enough to manage the day-by-day interpretation and observance of agreements entered into by employer and employees for an industry as a whole. *Industrial Relations: Bloomfield's Labor Digest*, July 26, 1924.

Payment of Employees by Check

A survey by the New York Merchants' Industrial Bureau. Results of the study of the practice of paying employees by check instead of cash shows that, generally speaking, employers like the scheme, employees view it with disfavor, and the banks are on the fence. *Industrial Relations: Bloomfield's Labor Digest*, Aug. 16, 1924.

Women in the Banking Business

It is probable that women could fill many positions in the bank which they are not now occupying were it not for the public opposition which would be encountered. For example, there would seem to be little reason why women should not be used more largely as tellers. A number of financial institutions are doing this, especially where it has seemed advisable to provide special windows for women. Opposition of the public to women in the banking business will be only overcome as woman demonstrates her ability and versatility. By W. F. Gephart. *Journal of Personnel Research*, May, 1924, p. 1:5½.

Organizing the Office for Speed

An office organization that enables the Joseph T. Ryerson and Son, Inc., to save minutes in every department concerned with filling and shipping orders is described. The work of the different departments is so coordinated that confusion

and idle time are avoided. Starting at 6.30 a. m. a truck makes hourly trips to the post-office and rushes the mail to the office, where it is quickly opened and sorted. Orders go first to the control desk and thence to the credit department. Equipped with transmitters and head-phones, which leave their hands free, the

most complicated orders are booked without delaying an instant in reference to books, charts, stock lists, or specifications. They are supplied twice daily with stock lists by the order clerk, and as they record the order they state instantly whether it can be filled. By George G. Moody. *System*, Aug., 1924, p. 144:2.

651.4 Administration: Regulations, Supplies, Communications

Plan for Boy Employees at New York Stock Exchange

The New York Stock Exchange meets some unusual problems in an unusual way, as so many employees are young boys. One simple factor in the method of reduction of lateness was making every tardy employee sign a sheet which bore in large letters across the top, "I AM LATE." This has reduced latenesses from about ten a day to two a day. Those who forgot their locker keys had to sign a sheet which bore in large red letters at the top "I FORGOT." The Exchange lends money without interest to those employees who need it for educational purposes. *Industrial Relations: Bloomfield's Labor Digest*, Aug. 2, 1924.

Administrative Control and Response

Personal control, with its high hazard in human life, is being replaced by group or staff control. With the latter, unity of policy can exist only when decisions reached in staff councils are reflected back through the line. In balancing control through personality a consideration of the origin of general executives sometimes indicates that their previous positions influence their thinking. A sales manager is apt to keep the sales slant. The importance of response to control makes human intelligence an important element. That problem includes not only selection and placement but a constant program of education. "The building up of mutual understanding and confidence becomes more and more a determining factor in successful

management." By Willard E. Hotchkiss. *Management and Administration*, Aug., 1924, p. 173:3.

Days Off for Good Attendance Improves Record 100 Per Cent.

Every employee of the New York Stock Exchange is eligible to earn "Honor Days" for perfect attendance and punctuality. For a period of three months from any date to any date, the employee is entitled to one day off with pay. On completion of the fourth consecutive quarter, a "Gold Certificate" good for three days off with pay is presented to the employee, making it possible for every employee to receive an additional vacation of six working days in any twelve months. In the period since 1917, the record of perfect attendance has improved practically 100 per cent. *Industrial Relations: Bloomfield's Labor Digest*, Aug. 16, 1924.

The Red Tape Epidemic

An interview with D. C. Wills, Chairman of the Board, Federal Reserve Bank, Cleveland, says that the love of procedure and super-system seems to be getting almost the run of an epidemic in some quarters. Sometimes it may be confined to the outer office. But usually, if it is found there it is reflected also in the accounting methods, the correspondence, and every other activity of the institution. Anything that makes it more convenient, simpler, easier, quicker, less costly to get work done ought to be encouraged. Unless

a strict watch is kept routine becomes the master, instead of the servant that it should be. By Frederick H. Stephens. *Management*, Aug., 1924, p. 37:2.

The Mail

The work of distributing the hundreds of inter-departmental communications which daily constitute a vital part of the machinery of a large banking institution like The National City Bank is here described. A new system was recently adopted which is accomplishing a saving in time and

much duplication of effort. *Number Eight*, July, 1924, p. 3:1.

Credits for Sick Leave Not Used

A sick leave plan is in use at the New York Stock Exchange which will reward those who do not take advantage of days off with pay for illness as well as those who do. These days accumulate at rate of one a month, and if not used employee eventually gets credit for them. Details of the plan are given. *Industrial Relations: Bloomfield's Labor Digest*, Aug. 16, 1924.

651.447 Training and Education: Schools, Libraries, Employee Publications

Evolution of Bank Education

The American Institute of Banking meets the demand for a broad training. It affords the banker a practical education. It gives the A. I. B. graduate executive training. It affords him an opportunity to participate in public affairs. The man who can make friends for his bank advances. Another outstanding opportunity in public work lies in this association's campaign of public education which is being carried into every school in the country. The institute man, in the role of lecturer, is rendering a real service to his community and, at the same time, being trained in public speaking. It gives him a broad acquaintance with bank men. But more unusual than all, in this institute school, employer and employee sit down together to learn the things they must know about their business. By John D. Boentje. *Coast Banker*, July, 1924, p. 233:2.

More Profit Through Commercial Research

There are now nearly 500 business houses of importance which have definitely organized commercial research departments. In addition there are now institutions devoted entirely to business research. Among the many phases of commercial research are questions of management, of selling, of distribution, of finance, of competition, of legal-commercial, technical-commercial

problems which demand special inquiry, and to which research is the only answer to the matter of settling them. By J. George Frederick. *Office Economist*, July-Aug., 1924.

The C. N. R. Office Method Service

The management of the Canadian National has recognized the necessity of a more systematic study and analysis of office methods and office material, which will permit greater interchangeability of both staff and equipment. It is admitted that any dragging inside has a tendency to slow up outside operations. Office methods service is now supplied by the management, the object being to furnish workers, equipped by experience and training, to make a survey of any office, report on existing methods and make recommendations by which savings may be effected. By C. U. Stapleton. *Railway Age*, Aug. 9, 1924, p. 241:1½.

A European Library of American Management Literature

The library of American management literature assembled for the Masaryk Academy in Prague has reached significant proportions. Those who conceived the plan intended that this library should be kept up-to-date so that it might be the mecca for European students of management. *Bulletin of the Taylor Society*, Aug., 1924, p. 186:2.

651.45 Benefit Systems and Incentives: *Pensions, Profit Sharing, Suggestions, Vacations.*

Profit-Sharing for House Employees

Firms employing large numbers of persons in clerical and routine work often find it difficult to formulate profit-sharing plans that will assure the desired benefits to such employees. The methods in vogue at the wholesale house of Hibbard, Spen-

cer, Bartlett & Co. are the result of years of effort to give employees an appreciable share in the firm's profits. The executives are convinced that the money so expended brings big returns to the company. By C. J. Whipple. *Management*, Aug., 1924, p. 52:3½.

651.7 Correspondence and Reports: *Letters, Minutes, Notices*

When They are Bad They are Horrid

There is no such thing as Business English. Letters must follow the same principles in regard to English as govern any writing. Why should one think that because he is writing a business letter he must express himself by means of the lifeless, unnatural expressions that are characterized more truly as "Business Lingo" than as "Business English"? Many banks must plead guilty to this kind of letter.

The form letter can be made a means of building up a great body of good will toward a bank. It has no favor to ask. Its position is much more advantageous than that of the direct letter. It is possible through these letters for a bank to demonstrate actually that it is glad to be of service. By Alden E. Davis. *Burroughs Clearing House*, Aug., 1924, p. 12:2.

Printing and Office Supplies

Until the year 1921, all the printed forms used by the Youngstown Sheet and Tube Company were purchased, the greater portion of them being supplied by printers in the town. The severe depression of that year led to efforts to reduce costs in every direction, and an investigation indicated

that considerable economy might be effected by producing at least a portion of printed matter used in the mills and offices. Since then about sixty per cent. of all the mill and office forms used have been made in the company's own printing department. Then in June it was decided to expand the operations to take care of all except letterpress work, or work involving the setting of large quantities of type. *Youngstown Sheet and Tube Bulletin*, July, 1924.

The Standardization of Cheques

Business men, cashiers and bank clerks know the great inconvenience entailed in dealing with cheques of different sizes and design. Although it is necessary that they should be of more than one size, two or at the most, three sizes should suffice. Intricacy of design on cheque forms is very trying. The question of forms of receipt on cheques has been the subject of much discussion and whatever the legal position may be, in practice such cheques are a great convenience. Some business houses adopt the practice of placing the receipt form on the back. By Joseph E. Stone. *Business Organization and Management*, Aug., 1924, p. 331:2.

658. PRODUCTION MANAGEMENT

658.1 General: *Promotion, Finance, Organization*

Budget System an Aid to Business

Actually, a budget is a mechanism of

management stated in dollars and cents and in units of sales, purchases, produc-

tion, and so on, that has been designed for the purpose of coordinating all departments of the business. Although all business concerns are using some feature of a budget system, there are few concerns using a well coordinated budget consisting of the following sub-budgets: Sales, selling expense, production, purchasing, materials, labor, manufacturing burden, plant and equipment, finance, estimated balance sheet and estimated profit and loss statement. *American Exporter*, July, 1924, p. 33:1.

The Most Important Thing I Ever Learned About Management

"Every executive has to recognize sooner or later that he himself cannot do everything that needs to be done. Until he recognizes this he is only an individual with only an individual's power, but, after he recognizes it, he becomes, for the first time, an executive with control of multiple powers." The article contains an organization chart of the General Motors Corporation. By Alfred P. Sloan, Jr. *System*, Aug., 1924, p. 137:5.

658.2 Plant: Location, Lighting, Heating, Ventilation

The Simplest Way to Ventilate

Keeping workroom air fresh, so that workers can be constantly at their best, is a summer-time problem in every factory. When sluggish gases released in manufacturing processes add themselves to the carbon dioxide expelled from human lungs, the problem is particularly difficult.

One San Francisco establishment has solved the problem for itself by a method so simple that most factories overlook it, even when it is available to them. This company simply moves its gas-producing work outdoors in summer weather! The sheet-metal shop, blacksmith shop, and paint shop all have their summer headquarters on the roof of the shop. The work of spraying engines with distillate, is also done on the roof. By C. W. Geiger. *Factory*, Aug., 1924.

Plenty of Light, but No Excess of Heat

West windows in summertime are a problem in any factory. They exist to let in the light, but throughout the hottest part of the day they are also an entrance for

heat. And under the strain that comes with prolonged heat, workers are much more liable to be sensitive to the glare of the afternoon sun than they would be in cooler weather. The problem, then, is to keep workrooms at a good working temperature and get rid of glare without shutting out as much of the light as is useful.

At one of the plants of the American Can Company the factory hospital has windows that face west. Until recently the head nurse had to wear an eye-shade all day and both she and those who came for her help had their troubles increased by the heat of the summer sun.

The problem was solved by coating the west windows with a semitransparent fluid that cut off the heat-bearing rays. The glare was eliminated, and the heat in the hospital room reduced several degrees. Instead of being oppressively hot, and trying to the eyes, it is cooler and restful. It is not only a pleasanter room to work or rest in, but one in which the nurse can accomplish more and better work. By H. J. Simons. *Factory*, Aug., 1924.

658.3 Industrial Economics: Labor and Capital, Wage Theory, Legislation

An Important Decade in Economic History

An examination of commodity prices and profits in their relation to prosperity is illustrated by a chart. A graph showing

fluctuations in profits will look quite differently from one dominated by commodity prices, because it is constructed on an entirely different principle: it will show the peak of prosperity at a quite different time

than does the other chart. Commodity prices are related to business conditions and so is volume of business. But neither of these factors is a reliable measure of prosperity. Earnings are the true index of prosperity, and when they decline the manager should prepare for hard times. By William E. Dunn. *The Executive*, Aug., 1924.

Wastage of Men

It is probably true that we will never stop wasting men as long as we can reach out and get more men to waste. As evidence of this, attention is called to the tactics now being employed by certain interests to run in Mexicans, and to the threat that if there are not Mexicans enough Chinese will be brought in. We have got into the habit of performing the hard menial drudgery of industry with the labor of cheap men. Now our only industrial, economic, political, social, and moral salvation lies in being forced, if force is necessary, to reform our manufacturing and industrial methods upon a basis of human conservation and helpfulness rather than upon human deterioration and wastefulness. By Ethelbert Stewart. *Monthly Labor Review*, July, 1924, p. 1:8.

"Employee Economics"

There is no such thing, as a matter of fact. There is no employees' arithmetic, either. Economics is everybody's economics. It is time to stress the everybody phase in our industrial thinking. Employer and employee equally are governed by the laws of production, the laws of matter, the laws of nature's order. There are no privileged characters in this realm. *Industrial Relations: Bloomfield's Labor Digest*, Aug. 2, 1924.

The Working Value of the Economic Forecast

From a consideration of the earnings of five large representative companies during the ten years from 1913-1922, and the revision of their various inventories, it is apparent that one of the main objects of economic forecasting should be to indi-

cate commodity price changes. Factors used in forecasting are listed. Industrial statistics have been inadequate because they represented production rather than goods moving into consumption. In an attempt to tame the business cycle the government has cooperated by regulating expenditures for public improvements, by regulating the federal reserve rediscount rate, and by making available advice and counsel of government executives whose knowledge of the economic situation gives their opinions weight. By Park Mathewson. *Management and Administration*, Aug., 1924, p. 181:3.

Shorter Hours and Output, a British Experience

L. J. Cadbury, of the Cocoa and Chocolate works at Bournville, Birmingham, in the Industrial and Labor Information, gives some interesting particulars of the effect on output of shorter hours at this establishment. He divides the influences counteracting the effects of reduction of hours into three groups:

- (1) Increased effort.
- (2) Better organization and management, and
- (3) Mechanical development.

Taking the operations in which a large number of people are engaged on hand work, he gives the table printed below as showing the estimated increase in production in his organization between 1913 and 1923, when hours were reduced from 47 to 44 (by 7 per cent.)

Operation	General increase per employee per hour, 1913-1923.
Distribution by road transport..	27%
Cocoa process	47%
Chocolate process	39%
Chocolate wrapping	27%
Chocolate (hand)	27%
Chocolate (machine)	15%

"Examination of these figures," Mr. Cadbury concludes, "shows very varying rates of increase in hourly output, and one would hesitate to say what the average as a whole for this firm has been. It is also necessary to take into account a certain increase,

necessarily involved by closer organization, in non-direct producing wages. But, allowing for this, I am fully convinced that the three tendencies enumerated above have, for the last ten years, more than counter-balanced the reduction of hours." *Industrial Canada*, Aug., 1924.

Graphic Labor Control

The interpretation of facts through graphic presentation has a value in guiding personnel practice no less than in controlling production. In the Atlantic

Refining Company statistics of labor conditions have been compiled for the last four or five years, and recently many of these data were prepared graphically. This method has proved of value in comprehending labor conditions, in predicting trends, in pointing out wrong conditions and in selling the departmental activities to management. Five wall charts which have been found useful for graphic labor control are described and explained. By Eugene J. Bengt. *Journal of Personnel Research*, June, 1924, p. 46:6.

658.41 Employment: Classification, Selection, Tests, Turnover

Employment of Disabled Workmen in the Ford Plant

It is the rule at the Ford Motor Company that no one applying for work shall be rejected on account of his physical condition, unless found to be suffering with a contagious disease; and no one shall be discharged on account of his physical condition. During the past year the average number of employees was 33,000. Of these 9,563 were either actual cripples or men suffering with some ailment or disease or otherwise physically below par, including many men between 70 and 80 years old. Figures in various occupations are given showing a total of over 14,000 jobs perfectly suited to the different types and conditions of these physically substandard men. *Industrial Relations: Bloomfield's Labor Digest*, July 26, 1924.

Organizing the Personnel for Production

The producing division of the Holt Manufacturing Company is patterned almost entirely after the Taylor System. The personnel department not only hires men, and assigns them to the class of work for which they are best suited, but watches their performance week by week and records it. Every effort is made to place the worker where he will be most effective. A rating scale advances the men automatically. The personnel department is the judge in cases of difference between the foremen and their men. No foreman may dismiss a man from the company's employ, but he can recommend a transfer. No so-called "welfare work" is done. By George D. Babcock. *Management and Administration*, Aug., 1924, p. 141:6.

658.44 Employee Service: Hygiene, Recreation, Lunch Rooms, Stores

Industrial Psychology: Some Ways of Increasing Output of Work

The value of rest pauses and the mental differences between individual workers are mainly dealt with in this address, which has been broadcasted from London.

One well-known cause of wasted effort and lost time is the bad arrangement of the materials to be used in any process, and the faulty designing of buildings with-

out reference to the sequence of a series of processes. By Winifred C. Cullis. *Journal of the National Institute of Industrial Psychology*, July, 1924, p. 125:3½.

Safety Education

Accident prevention work, to be of greatest benefit to industry, must act through safety organizations set up in every establishment. The Westinghouse Electric and

Manufacturing Company makes use of a questionnaire with answers, as an aid to those who conduct the safety meetings of that company. These are reproduced in this article. Some of the results of this survey are thus summed up: An accurate record of all accidents in each plant should be kept; such record to cover the cause, method of prevention, treatment, time lost and cost of each accident. Special care should be taken in the instruction of new employees with a view to teaching them the hazards of their employment. *Labor and Industry*, July, 1924, p. 7:23.

The Lynn Works Home Owning Plan

The House Owning Plan at the Lynn plants of the General Electric Company is so arranged that the employee using it is able to purchase a home at the lowest possible terms. There are three factors which enter into securing the money, namely, cash investment, first mortgage and second mortgage. Arrangements are made whereby weekly deductions are made from the pay envelope, these deductions to be determined by the amounts of the mortgages, plus the allotment for taxes and other compulsory payments. This is strictly a Home Owning Plan and not an investment in homes. *Lynn Works News*, July 18, 1924.

Some Random Thoughts on the Part of the Plant Physician

The aims and ideals of the plant physician may be briefly summarized as: 1. To provide physical examination of such a nature as will fit the man to the job in the best possible manner. 2. Having examined the man and put him to work, to cooperate with the safety engineer and the management in carrying out a policy of protecting the worker. 3. To provide efficient surgical and medical care for the relief of all who suffer injury or sickness notwithstanding all reasonable effort at prevention. The accomplishment of all these things could be briefly summarized in the word "cooperation." By W. S. Ash,

M.D. *The Nation's Health*, July, 1924, p. 460:3½.

Are Industrials Unjust Competitors?

The only benefit the industrial derives from its restaurant is in giving the employees good, wholesome food—a knowledge that compensates them abundantly for the effort. Owners of industrial restaurants demand efficient, experienced managers and operators; some of the greatest chefs are cooking in such restaurants and some of the best experienced stewards in the country are operating in them. It is through the industrial operators and their clients that the food question has reached the peak of attention by scientists, professors and doctors. *Cafeteria Management*, Aug., 1924, p. 9:2.

Mental Hygiene in Industry

Statistics are given to indicate the seriousness and extent of functional nervous diseases among working people. These are taken from two large industrial groups, the first having a preponderance of female employees and the second of male employees. Both series indicate that functional nervous disease has a high case incidence, and that it is a leading factor in the loss of working days and in the cost of sick benefits. By Henry B. Elkind, M.D. *Journal of Industrial Hygiene*, July, 1924, p. 113:10.

The Menace of the Circular Saw

Within three months fifty workers in New York industries lost seventy-six fingers through inadvertent contact with circular saws. Six machines were equipped with guards, thirty-eight not equipped and six equipped with improper guards.

A study of the manner in which the accidents occurred indicated that most of them were due to improper holding of the material, the operator almost invariably keeping his left hand on the waste piece of lumber being sawed instead of pushing the board through the saw with the right hand and then removing the waste with the piece of stock used.

Of 4,606 persons employed in fifty plants, 1,815 accidents occurred during one year. It is obvious that such a high frequency of accident should demand the provision of proper guards and a special organization to instruct workers as to the dangers and the methods of prevention. *Hygeia*, Aug., 1924.

Our Free Nursing Service

Delaware and Hudson employees who hold Group Insurance policies are entitled

to the free nursing service provided by the Metropolitan Life Insurance Company in various communities along the railroad. To the Metropolitan, nursing service for policyholders is second in importance only to the actual fulfillment of its insurance contracts. This unusual service is located in many towns and cities and all employees are urged to find out if there is a nurse in the towns in which they live and to avail themselves of her services. *Delaware and Hudson Company Bulletin*, Aug. 1, 1924.

658.447 Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

Labor Union Interested in Schools

In order to promote the closer cooperation between labor and the schools, the American Federation of Labor has taken steps toward creating a committee on education. The movement is made in the interest of the following aims:

1. That the wage earners of each city be adequately represented on the municipal school board.
2. That there be labor representation on the boards of directors of all state universities and other institutions of higher learning that are a part of the public school system.
3. That industrial education include sciences, underlying industries, their historic, social and economic implications, as well as the technique side—specific vocations.
4. That in each locality there be developed opportunities for continuation schools and night schools.

Industrial Education Magazine, Aug., 1924.

Industries Served by Trade Libraries

Among the organizations that include splendid library service are the Silk Association of America, the National Automobile Chamber of Commerce, the Portland Cement Association, the Bureau of Railway Economics and the Rubber companies of Akron, Ohio. These libraries were founded for the one purpose of centralizing information and distributing it for the good of the industry as a whole, as well as for the benefit of the individual mem-

ber served. It is unnecessary for members to spend very much money for the information they secure, yet they can get almost anything they want and very promptly. By Eleanor Gilbert. *Office Economist*, July-Aug., 1924.

Choosing an Effective Training Program

One phase of efficient management which greatly puzzles the executive is to decide what type of foreman training to adopt in his organization. As there seem to be many equally good solutions the executive is apt to be hurried into a premature decision and the adoption of a foreman training program that does not suit his particular organization, and which may prejudice him unfairly. The factors which should determine this program are taken up in detail, and illustrated by references to specific companies. By J. K. Novins. *The Dodge Idea*, July, 1924, p. 10:2.

College Courses in Meat Packing

An educational experiment is being conducted by the University of Chicago and the meat packing industry. The Institute of Meat Packers is an educational unit within the university's School of Commerce and Administration. Beginning this fall, the Institute will offer a four-year course designed to give students who desire to enter the packing industry a gen-

eral business education, specialized training in the science and management of the packing industry and practical contact with the industry. *N. Y. Times*, July 22, 1924.

Keeping the Plant Magazine Alive and Useful

One reason for the high mortality of employee publications in times of business

depression is their lack of a definite editorial policy. Some of the definite constructive functions of a paper, such as safety, thrift, suggestion systems, process stories, new developments and plant extensions are described. A good round figure to use in computing costs is that of one dollar per employee per year. By Sidney W. Ashe. *National Safety News*, Aug., 1924, p. 35:1.

658.45 Benefit Systems and Incentives: Group Insurance, Pensions, Profit Sharing, Wage Plans, Suggestions, Vacations.

Loans

The Kodak Employees' Association, Incorporated, will make loans to Kodak employees on their shares of common stock as collateral up to 75 per cent. of the market value of the shares at the time the loans are made.

Such loans are to bear interest at the rate of 5 per cent. per annum, and to be repaid at the rate of approximately 3 per cent. of the principal per month, and in addition all dividends paid on the stock during the life of the loan shall be applied on the loan.

Such payments to be deducted from wages or salary.

Payments to apply on interest and principal due on the loan.

All arrangements for loans are to be made through the Industrial Relations Department, Kodak Office. *The Kodak Magazine*, July, 1924.

"Getting-on Plan" is Favored by the Firestone Tire & Rubber Company

Considerable interest is being shown in the new method of saving recently inaugurated by the Firestone Park Bank. In brief, Firestone employees with accounts at the bank simply authorize the cashier to charge their account each week with, say, \$4.43. At the end of four years the bank hands them a pass book showing a credit of \$1,000, for which they receive a check, although they have actually paid in only \$921.44 in that time. The plan is somewhat like the Christmas Club idea,

except that it continues throughout the year. *The Firestone Non-Skid*, July 16, 1924.

Vacation Time

The vacation period of the Yellow Cab Manufacturing Co. this year extends from July 26 to August 11. The entire factory will be closed and only those employees who are requested will be required to work. *Yellow Cab and Coach Factory News*, Aug., 1924.

Novel Vacation Plan for Factory Employees

Outline of a plan in successful use by a nation-wide manufacturing corporation. Vacations with pay are granted to employees paid on an hourly or piece-work basis in accordance with length of continuous service and regularity of attendance. *Industrial Relations: Bloomfield's Labor Digest*, July 26, 1924.

Encouraging Suggestions from Employees

The amount of the award is important. It is usually \$1, but prizes are also given for the most valuable suggestions within a given period. Some companies base their awards on the value of the suggestion. Under such plans awards range from \$2.50 to \$200. Although it is not the usual practice, there are a few instances where a good suggestion may lead to an increase in salary and promotion. *Law and Labor*, Aug., 1924, p. 227:1½.

Why Our Men Have the Thrift View-point

The Associated Companies—United Telephone Company and United Light and Power System of Kansas—have adopted a plan to compel employees to save and keep out of debt. It even involves inspection of workers' personal finances and a firm course with the waster and spendthrift. Each employee is compelled to make a report each month on a card before the next pay check will be issued. He had to make a list of outstanding debts as of July 1, 1922. Each employee must save 10 per cent. of his earnings per month. A committee of three executives passes on every investment. Stock in the Associated Companies is on the approved list. By C. M. Harger. *System*, Aug., 1924, p. 161:3.

Building the Morale of the Working Force

The founder of the John B. Stetson Company believed in sharing his success with those about him. His practice has extended into a large variety of activities for the benefit of the employees. A bonus plan, Christmas Club, Building and Loan

Association, sick benefits, group life insurance, athletic field, auditoriums, Americanization class, first-aid room, hospital and cafeterias are placed at the disposal of the workers. By J. Howell Cummings. *Management and Administration*, Aug., 1924, p. 137:3.

The Unemployment Fund

The unemployment fund of the Dennison Manufacturing Company is a fund of over \$100,000, which was set aside by the directors to be used for paying unemployment compensation to employees who are laid off because of lack of work. Compensation is paid for lay-offs of a half day or over and employees with dependents receive 80 per cent. and those without dependents 60 per cent. of their regular wages. If outside work is obtained, the employee will benefit, for he not only receives the wages from the outside job, but if that pays less than the Dennison job he will also receive an additional amount from the fund.

The control of the Unemployment Fund is in the hands of a committee of four, appointed each year, two by the General Works Committee and two by the management. *Round Robin*, Aug., 1924.

658.46 Labor Relations: *Collective Bargaining, Arbitration, Employee Representation*

A Survey of Harvester Industrial Relations Progress

Since the industrial relations department was established and the International Harvester Company's policy has been made effective, methods of recruiting, selection and placement of employees have been steadily improved. The Foremen's Development course of four years ago represents a highly important corollary of the Industrial Council plan. Except for the Works Council plan the outstanding achievement has been the Occupational Rating plan. A definite evaluation of shop occupations was set up on a relative basis. The general policy of the department is not remedial,

but prophylactic. Address by Arthur H. Young. *The Harvester World*, July, 1924.

Credit and Sound Labor Relations

Only of late have bankers and investment houses generally begun to scrutinize what might be called the industrial relations sheet. Recently certain corporations showed large losses as the result of strikes during the year. In the same business large profits showed in corporations that were far removed from the strike area. The attitude of every employee has something to do with the results in the balance sheet, with the financial standing of the concern in which they are engaged. In-

dustrial Relations: Bloomfield's Labor Relations, Aug. 2, 1924.

Shop Councils Develop Practical Cooperation

Indications point to the fact that the working of the Shop Council plan on the Union Pacific System has been highly satisfactory both from the standpoint of the management and the shopmen. There is also evident a feeling of relief that distrust and antagonism have been replaced by mutual confidence. These Shop Councils provide means of free expression where the local supervisors and the workmen meet on a common basis. *Railway Age*, July 26, 1924.

The International Development of the Industrial Welfare or Personnel Movement

The main lines of development in the last few years, with the underlying principles which have so far shown themselves, are outlined, and a brief description of welfare work in the countries of Europe and Asia are given. As in other forms of social work, there was apt to be sentimentality in its early stages, but this has gradually disappeared as a technique has been worked out. *International Labour Review*, July, 1924, p. 48:10.

Less "Welfare," More Well-Being

The Industrial Mutual Association of Flint is a factory organization founded and fostered by factory owners, but conducted and controlled by the workmen. The Flint workmen perform for themselves the services usually taken care of, if at all, by their employers. For only 15 cents a week members of the association can belong to the recreational department. The privileges include shower baths, billiards, pool, bowling, a large gymnasium and club reading room. One of the most worthwhile works that this association has promoted is its night school. The Workmen's Mutual Bank, which is operated as a department of the association, pays its members 5 per cent. on their savings. A few

years ago, when thousands of workmen were without jobs, the mutual bank lent its members over one-third of a million dollars.

There appears to be no reason why this combination of insurance company, bank, school, social club and stores should not be just as successful in other manufacturing communities. By J. D. Dort. *Factory*, Aug., 1924, p. 213:2.

P.R.R. Tells Federal Council That Joint Action is Keystone of Management's Relations with Men

"Criticism on our part concerns not so much the facts reported by the Federal Council's investigators as it does the fundamental conception of industrial relations on which they and we appear to differ. The purpose of this memorandum is to present our conception of the plan in the light of their observations and inferences in order that those who have read the Council's report may be better able to form their own conclusions." *Pennsylvania Standard*, Aug., 1924.

The Future of Trade Unionism

Trade unionism is standing at the parting of the ways. The unions have gained the respect and trust of the great majority of British citizens, but the display of open and active rebellion within the ranks of late constitute a menace which threatens to bring the whole principle of orderly collective bargaining into contempt and disrepute. By H. O. Stafford Cooke. *Business Organization and Management*, Aug., 1924, p. 337:2.

What We Think of Industrial Democracy, After 7 Years

The experiences of a factory council of the Columbia Conserve Company in working its way up through the usual worries about wages and hours of work into a constructive effort toward bringing the business to a higher level of efficiency. The council discusses every man and woman in the factory at least once a year, and places individuals in Class A, B, C or D, according to their efficiency and their

spirit of loyalty to the enterprise. As would have been expected, the workers' incomes are higher than before they had control. But the increases are chiefly in the lower salaries. They voted a surplus to the company instead of to themselves in 1922: there was a sum of money un-

assigned, and instead of using it to increase individual salaries they voted to turn it back into the general budget for the benefit of the company. There is no system of government: problems are met as they come. By William P. Hapgood. *Factory*, Aug., 1924, p. 187:4.

658.51 Planning: *Job Analysis, Standardization, Routing*

You Couldn't Tempt Us to Build Two Sizes or Styles

Getting rid of unprofitable manufacturing lines as only the first step in simplification is the experience of the New-Way Motor Company. The most important results which have come from simplification can be summed up under these four headings: 1. A better engine is made than

ever before; 2. This engine is more economically made than previous engines were made; 3. The administration of the factory is much simpler than it was; 4. Instead of narrowing the market, cutting down to one model has broadened it to a point not considered possible heretofore. By William H. Newbrough. *Factory*, Aug., 1924, p. 194:3½.

658.54 Rate Setting: *Operation Study, Time Study, Motion Study*

Classifying the Elements of Work

The One Best Way to Do Work may be visualized by listing the processes and subdividing them into operations consisting of cycles of motions which further divide into "therbligs," or "the seventeen categories into which the motion study elementary subdivisions of a cycle of motions fall." Variables of motions include variables of the worker, and of the surroundings, equipment and tools. "Records of many and probably all mental operations can now be obtained by the chrono-

cyclegraph and micromotion photographic methods." Running films of super-experts backwards to see what we could get automatically suggesting inventions, presented peculiarities and combinations of therbligs never seen before. New methods resulting from one study averaged an output of five times as much product per man. There is The One Best Sequence of therbligs on each machine and each kind of work, and it should always be found, standardized, taught and maintained. By Frank B. and L. M. Gilbreth. *Management and Administration*, Aug., 1924, p. 151:4.

658.56 Shop Organization: *Methods, Salvage, Waste*

Importance of the Cost of Idleness in Equipment Industries

The equipment industry seems peculiarly subject to business fluctuations—the demand for equipment fluctuating more than the demand for the product of equipment. The reasons are given. Orders come most when costs of all kinds are highest—profits are often less than were anticipated.

A close cost analysis is necessary as a basis for determining managerial policy, clearly distinguishing the kind and amount of various costs and profits. Fluctuation increases both the necessity for and the difficulty of cost analysis. Management not intelligent enough to finance an enterprise properly is quite likely to try to buy orders at any price that will help to carry overhead or help liquidate inven-

tory—with a resultant price war in which the skillful manager has to suffer for the mistakes of the ill-informed. There is little elasticity of demand in the equipment industry. Until the industry becomes organized in large units, the managers will be mostly the production type instead of the analytical or financial type. Men of the production type are likely to neglect the financial side. Equipment plants must be built to take care of the peak loads

that the buying habits of their customers force on them. Their hope of developing off-peak business is small. The cost of idleness is therefore a very important element in total cost.

The cost analysis must get into costs of sales and administration as well as costs of production. Saving financial waste is the biggest salvage job before the country to-day. By Ernest F. DuBrul. *N. A. C. A. Bulletins*, Volume V, No. 23, 14 pages.

658.6 BUYING, RECEIVING, STORING, SHIPPING:

Review of Store Functions and Methods of Control

Buying is very often faulty. The place to eliminate difficulties is at the source and in merchandising the operation begins with buying. There has been a movement recently inaugurated by the new Domestic Bureau of Commerce to standardize stocks of manufacturers, wholesalers and retailers on the basis of existing demand rather than on a problematical development of education in using different lines and other grades. Assuming that the right sales promotion plan has been adopted, the final and most important phase of merchandising is

personal selling. By J. W. Fiske. *Kelly's Magazine*, July, 1924.

To Make Money Before You Start

In a certain industry there was established a central purchasing department. Materials for all the companies were to be bought by one man. Orders were to be massed. Also this central purchasing bureau was so constituted that it could undertake industrial research. Purchasing was considered as one of the branches of engineering. It is expected that purchase engineering should result in a savings eventually running to 10 per cent. By James H. Collins. *Business*, July, 1924, p. 7:3.

658.8 SALES MANAGEMENT

658.81 Organization of Department: *Employment, Analysis, Salaries*

What a "Promise Department" Does

The "Promise Department," which is a new departure in merchandising, has been established by one of the largest department stores in the United States. It is an organized and carefully followed up system to secure and deliver to the customer the items not in stock which the store has promised to supply at the earliest possible date. It has not only increased the store's business materially, but, more

important, it has promoted service and good-will. *American Exporter*, Aug., 1924, p. 41:2.

Selling Laundry Service on a Contract Basis

One of the best advantages of this plan is that the laundry is selling a business proposition on a business basis. There are wonderful selling points that this contract plan offers to the laundry-owner who has

just entered, or is contemplating entering, the family service field. A reduction in price will always interest the laundry prospect. The greatest advantage, of course, is the establishment of a steady, week after week clientele upon which the laundry-owner may always depend as a nucleus upon which to build better and bigger service. *The American Outlook*, Aug., 1924.

Sidelights on High-Grade List Building

There is a surprising number of business houses that will make elaborate preparations for the expansion of their business without a definite idea as to how the goods are to be marketed or whom they want to reach. They then realize that it is necessary to have an accurate, up-to-date list. It would be better to consult the list department months before the list is needed, giving all the necessary

details and outlining the plan of action. There are many classes of business that do not appear in Dun or Bradstreet, but which are good prospects nevertheless. *Quota*, July-Aug., 1924.

When Does "Market Analysis" Pay?

The following are seven test questions:

1. How did I react to scientific management?
2. What is the weak spot in my business?
3. What results may I expect?
4. What are my chances of putting the plan through?
5. How shall I be able to check up on results?
6. Where can I get men who know how?
7. On what phase of the problem shall I concentrate?

By Percival White. *System*, Aug., 1924, p. 147:3.

658.82 Sales Promotion: Letters, House Organs, Advertising

How We Made Our Money Go Twice As Far in Financing Sales

The Vitrolite Company increased sales in dull seasons so that sales are no longer concentrated in a few months but spread over the entire year. Advertising and increased selling efforts removed necessity of carrying heavy warehoused stocks in anticipation of rush season, thus eliminating need for heavy investments in stocks for future sales. By George R. Meyercord. *Sales Management*, Aug., 1924, p. 1337:2.

Reasons for the Failure of 125 Sales and Advertising Campaigns

This report emphasizes the importance of better administration of advertising campaigns. Chief among the reasons for failure is that "the advertising was not kept up long enough." Eighteen other conclusions are given, also forty-five precampaign tests. Three major conclusions can be drawn from all the evidence submitted: 1. The expenditure of the advertising appropriation should be placed entirely in the hands of an individual, or individuals, of

wide professional experience. 2. The advertising should be painstakingly coordinated with sales effort. 3. The campaign as a whole should be administered by an experienced, competent executive. Don't entrust the \$100,000 appropriation to a \$3,000 "clerk." Report by Dartnell Corporation, No. 176, 23 pages.

Some Los Angeles Real Estate Advertising Campaigns

How the wizard real estate subdividers of Southern California tell their story in type. Newspapers, especially those with real estate advertising sections, play an important part in this. By Sherley Hunter. *Western Advertising*, July, 1924, p. 19:4.

Posters for Railway Advertising

The railway poster is able to carry an effective message to the patron of the railway and has the further advantage of cheapness, since the railways have available, without cost, the space for posting. First of all, the posters must be placed in

proper surroundings. They should be designed by competent artists. One British road recently held an exhibition of 55 of its posters, many of them designed by artists famous throughout the country. *Railway Age*, Aug. 9, 1924, p. 222:¼

Paving the Way for a Successful Sales Conference

One of the best ways to make a sectional sales conference of greatest value is to pave the way to success by arranging for advance consideration of topics to be discussed, and particularly by securing information on difficult points prior to the

actual conference sessions. Two methods are: The seeking of suggested topics from the sales force; management decision of topics, followed by sending questionnaires to the salesmen. By Herbert M. Maxwell. *System*, Aug., 1924, p. 176:1.

Bigger Results from Advertising

All the factors of successful copy-writing are analysed, and advertisers are shown how they can discover the most profitable forms of appeal for their individual requirements. By Harold Herd. *Business Organization and Management*, Aug., 1924, p. 349:3.

658.85 Benefit Systems and Incentives: *Bonus Plans, Vacations*

Profit Participation Plans for Agents, Branch and Division Managers

This report recommends some form of profit sharing in every line of business. It says: "We have found that in the majority of instances where it has been employed that it not only tends to bring out latent possibilities of the salesman, but it increases his loyalty to the house, it makes for long distance business building, and it encourages a quality of service difficult to obtain without it. We suggest that you first decide that the purpose of a change in your compensation plan is to make bigger opportunities for the type of salesmen you want to attract and hold; second, outline carefully what your salesmen should do in their territories in addition to obtaining immediate orders; and then on this basis work out a profit-sharing plan which will automatically provide for the carrying out of all of the duties outlined. Do not fail to add a savings plan, and sell the salesmen on the idea that under a profit-sharing ar-

range they are virtually 'in business for themselves,' and consequently must make financial provision for dull times the same as the house is forced to do. Make the plan sufficiently flexible that it can be modified to take care of the new salesman who rapidly develops selling ability. Be careful that your plan does not entail too much additional bookkeeping, and consequent haggling over percentages. Provide in some way for the salesman who is opening the new and immediately unprofitable territory, by paying him a premium. Do not accept a change in your compensation plan as final. It will need readjustments from time to time to meet changing business conditions, changes in territorial arrangements, and may have to be 'sprung' occasionally to take care of the peculiar needs of individual salesmen who cannot be handled 'rank and file.'" Thirty-five rules for testing a compensation plan are given. Report No. 174, Dartnell Corporation, pp. 1-23.

658.86 Salesmen: *Selection, Training, Compensation*

Increases Sales Per Man 50 Per Cent in Less Than a Year

Henry L. Doherty Company increase sales per salesmen 50 per cent. by requiring

all salesmen—new and old—to attend six weeks' training school held in various branch offices under supervision of traveling instructor; salesmen attend school in

morning and sell in afternoons, thus getting actual experience while learning. By Russell R. Clevenger. *Sales Management*, Aug., 1924, p. 1394:2.

Now is Ideal Time to Get Set and Work

Present business conditions offer opportunities to view things that really need to be done. Readjustments and improved methods are seldom resorted to when business conditions are easy and everybody is making money. One of the outstanding opportunities today is to secure high-grade men who have been temporarily unfortunately connected, and to organize them for better conditions that are just ahead. Martin L. Pierce. *The Daily Ibis*, July 17, 1924.

How Shall We Pay Salesmen to Get Them to Work Harder?

The views and policies of a few leading manufacturers as to salesmen's compensation are set forth briefly. The outstanding thought seems to be that it is advisable to give them some part of the profits arising from their work. From the standpoint of administration, it is agreed that a straight salary basis is preferred. Of all the methods described the preponderant weight of opinion seems to incline in favor of the salary and bonus idea. By G. A. Nichols. *Printers' Ink Monthly*, Aug., 1924, p. 9:4.

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For the Customer

There are, in merchandising, two schools of thought. One of them is represented by the man who says, in effect, "This is our line; take it or leave it." The other is exemplified by the man who asks, "What is your problem? What do you need? We will either get it for you or make it." The Pittsburgh Plate Glass Company believes so thoroughly in the latter method that it established, about six years ago, a research laboratory designed primarily for the study

of the problems of the individual customer. By Carroll Y. Belknap. *Business*, Aug., 1924, p. 10:3.

Seven Avenues of Approach to "Automatic" Sales

Quantitative selling is demanding standardization of sales methods and processes. Sales managers of today seek to achieve slot machine regularity and certainty of sales. The personal element in selling is becoming less important, and the day of the star salesman is nearly past. By Frank Bagnall. *Western Advertising*, July, 1924, p. 15:2½.

Do Your Salesmen Travel Too Fast?

One of the vital problems of the sales manager today is to see that his salesmen do not "Make Towns" instead of working them thoroughly as they should. The liberal use of the automobile recently has aggravated this condition. After a careful analysis of this mode of traveling it is found that in almost every instance a salesman has succeeded in getting over more ground, calling on more people, sending in a greater number of orders, but in almost every instance he does not increase his volume of sales. By J. H. Rabe. *St. Louis Sales Managers' Bureau Bulletin*, Aug. 1, 1924.

The Cost of Selling

The problem of costing selling expenses is so difficult that the majority of firms fall back upon a system of "averaging." This is not accurate, and often so misleading that it involves the loss of important contracts. Valuable suggestions are here made by means of which the manufacturer and sales manager can ascertain their selling costs and check the efficiency of selling methods with much greater accuracy than by "averaging." By F. A. R. Paton. *Business Organization and Management*, Aug., 1924, p. 339:8.

How Gates Built a Three Million Dollar Business in Twelve Years

Methods for finding a market for new products in a crowded field are explained;

a good product alone is not enough to succeed against competition; market research was used to find sales points needed for rubber hose and tires. The author's method of paying dividends to salesmen and workers, based on savings in manufacturing and marketing insures economical production and selling. By Charles C. Gates. *Sales Management*, Aug., 1924, p. 1345:3¼.

How Gillette Increased Foreign Sales from 200,000 to 2,000,000 Razors

The Gillette Safety Razor Company multiplied foreign sales by ten, by overcoming obstacles in shipping to remote points. American methods, with slight changes, can be adapted to selling in nearly all foreign countries. This company finds it best to concentrate efforts on the big outlets. In Belgium twenty out of eighteen hundred customers were found to sell seventy-three per cent. of all Gillette razors sold. Intensive concentration increased sales from 200,000 to 675,000 razors in Belgium alone. By Thomas W. Pelham. *Sales Management*, Aug., 1924, p. 1389:3¼.

Should Drygoods Retailers Sell on the Instalment Plan?

"What is the economic significance of this epidemic of deferred payments?" One important criticism of the instalment plan is the expense of the bookkeeping in connection with it which must be met by the merchant. The one advantage urged by the merchants is that the practice has a

tendency to decrease turnover. The *Pennsylvania Register*, Aug. 12, 1924.

Is the Credit Department an Asset or a Liability?

Factors determining the effectiveness of the credit department are: What constitutes the maximum amount of business that shall be accepted; what is the minimum loss of customers by the department; what it should cost to operate a credit department. Usually 90 per cent. of the business submitted for credit approval is good or fair grade risks; not more than 10 per cent. should be such that it requires special treatment by a well organized department. The correct per cent. of bad debt loss may be found by computing the average loss by a number of houses in the same line over a period of three to five years. A good credit department can be a profit-earning asset to a business. Only a very poor one will be a liability. By J. W. Hallman. *Management and Administration*, Aug., 1924, p. 177:2½.

Winter Vacations for August Sales

Sales in twenty-two departments of the Gilchrist Company increased as a result of offering winter vacations for July and August sales. The plan can be applied by manufacturers and wholesalers as well as retail merchants. By Charles C. Ferris. *System*, Aug., 1924, p. 149:3.

Survey of Books for Executives

Labor's Money. By Richard Boeckel. Harcourt Brace & Co., New York, 1924. \$1.50.

One of the most significant developments in the present-day labor movement is the rapid growth of banking and other financial activities conducted by and for labor unions. So rapid has been this growth that the observer finds it difficult to realize

the extent to which labor banking has spread, geographically and financially, since its first recorded experiments of only a little more than four years ago. That this movement is destined to have profound effects upon the policies and practices of unionism—if not indeed upon the entire business structure of the country—few will be inclined to deny.

It is therefore worth while for the student of labor conditions to observe closely the purposes and the methods which govern the financial institutions of unionism. As a preliminary to this observation, Mr. Boeckel's book offers an instructive background. The book is brief and often lacks the detail which one would wish to find. The author, moreover, permits his evident prejudice in favor of unionism to influence his judgments. Nevertheless, the book furnishes a real contribution to the available literature on the subject of labor finances. Particularly, it furnishes food for thought regarding the possibilities of a future control of industry by labor, either through regulation of credit or through stock ownership, or by a combination of both.

The author traces the origin and development of labor banks, arguing that workers were practically forced into the banking business through what he calls the use of their own money to fight the battles of the employers. "How Labor Finances Its Opponents" is the title of one of the early chapters of the book.

The purposes of labor banking, according to Mr. Boeckel, include the following:

1. To prevent the use of money belonging to trade unions and to individual laboring men to strengthen the employers in contests with labor.

2. To furnish credit to workers' and farmers' cooperative enterprises and to employers who are friendly to unionism.

3. To offset the alleged partiality of established financial institutions in withholding credit from pro-union employers, particularly in times of open-shop agitation.

4. To encourage workers to save a part of their earnings and at the same time to provide depositories for these savings where the books will not be open to the employers. (Mr. Boeckel claims that in some cases in the past demands for wage increases have been successfully resisted because employers could prove that workers were able to save money.)

5. To share profits with depositors and sometimes with borrowers through cooperative banking.

6. To mobilize funds by which industries

may be purchased outright on occasions when such action is thought beneficial to workers. (For example, in the purchase of the Coal River Collieries Company by the Brotherhood of Locomotive Engineers.)

7. To carry on a general investment business with the money of workmen and for the benefit of the working class and of unionism.

The concluding chapters of the book leave the subject of labor banking and discuss the possibilities of control of industry by workmen through stock ownership. The author discusses the stock purchase plans of the United States Steel Corporation, the Philadelphia Rapid Transit Company, and other companies, and argues that it is not unreasonable to foresee a time when the controlling interest in many corporations will be held by those who do the physical and mental work.

He adds: "In the existing financial institutions of the workers, new leaders are in training for the great campaigns that loom in the future, when charts of labor's security holdings will be the war maps, and victory will be gained, not by striking, but through strategic investment. Buying control in most of the great corporations will not involve the sale of control by the present absentee owners, but merely the sale of their stocks. The power of control is not exercised by the present owners. They are seldom even interested in who controls. Their interest is in profits. Their stocks can, therefore, be bought 'at the right price,' and 'the right price' for the last shares leading to control in any basic industry is likely to represent only a fraction of their worth to the workers.

"The real contest will not be with the present owners of industry. Many of these may, indeed, come over to the workers' side. The real contest, if there is a contest, will be with the present controllers of industry, the investment bankers. Labor can meet the investment bankers on fairly even ground whenever it mobilizes its full money and credit power under its own control."

EDWARD S. COWDRICK.

Unemployment, Its Cause and Cure. By Alfred Hook, Labour Publishing Co., Ltd., London, 1924. 214 pages. 5s.

An interesting exposition of "the cause and cure of unemployment" is presented in this small volume by Alfred Hook, author of "The Workers' Share" and other contributions. Written in England in the light of the devastating results unemployment has brought upon that nation, it places unemployment in its true position as one of the most pressing economic problems which an industrial society is faced with to-day. Whatever may be the reader's views as to the necessity or the efficacy of the author's proposed plan for eliminating this evil, it cannot but stimulate him to thought and perhaps even to (what is chiefly lacking here in America in connection with the problem) action.

The causes of unemployment are treated in a simple yet nevertheless exhaustive manner. The titles of some of the chapters are suggestive of the scope of the book: Unproductive Labor, Machine Made Unemployment, Foreign Trade, Tariffs, Currency and Credit, Wages and Hours, Cost of Production and Normal Needs.

The author stresses the fact that though temporary measures of relief may be a pressing problem, the more important thing to consider is a permanent readjustment of the industrial system. "The central remedy," he holds, "is the extension of the field of productive employment. To achieve this end, the natural resources of the country must be taken out of the uncontrolled ownership of individuals with their consequent exploitation for private profit. No body of private individuals can be allowed to control an essential service standing between those who extract the raw material from nature and those who manufacture or consume it." Thus he argues that community ownership of transportation service, as well as of land, is an essential condition. "Private industry will be allowed to continue subject to the workers receiving an agreed national standard of life, and where important industries are unduly handicapped in the face of

foreign low wage competition they may be assisted within limits by subsidies drawn from other private industries in the country."

It is not enough to answer "bosh" to such a conclusion. Rather is it necessary for industry to realize that it must set its house in order if it does not wish to have such a house-cleaning forced upon it. There is something more than a threat in Mr. Hook's words, "the potential power of the mass of the people in this country is rapidly growing and at the same time there spreads a conscious discontent with the existing state of things which is bound, sooner or later, to culminate in action. Insistent demand for change will make the potential power of the people effective, and it is a hopeful sign that in the leaders of people in whom this growing power is invested there exists a sense of responsibility to the whole community which can hardly be paralleled elsewhere."

J. A. GARVEY,
Employment Manager,
Dennison Manufacturing Co.

Ability to Sell. By Merrill Jay Ream. Williams & Wilkins, Baltimore, 1924. 64 pages. \$1.25.

The past few years have seen a remarkable extension of efforts to measure scientifically vocational aptitudes. But it must be admitted that, so far, progress in this direction has been disappointingly slow. There are still cynics who maintain that science can offer little or no help in determining in advance how successful a person may be at a particular occupation.

In this present situation Dr. Ream's book must be regarded as a very important contribution to scientific progress in the field of vocational selection. He undertook to find out whether by a series of objective tests of personal qualities or characteristics he could pick out the successes from the failures in a particular occupation—that of selling life insurance.

He has shown that, within limits, it can be done. He states that his method

correctly classified 75 per cent. of the men to whom it was applied.

Dr. Ream's method was to give a group of men attending a course in life insurance salesmanship a series of tests and questionnaires. This series included, to quote the author, "a standard intelligence test, a series of will-temperament tests, a range of social contacts test, a sales situation test, a record of likes and dislikes, and a record of personal history facts." The author gives a brief description of each test.

The tests were evaluated by being checked against a standard of success which was taken as the volume of life insurance sold during the eleven weeks' course. A certain amount of time spent in selling was one of the requirements of the course.

As a check on the method, the whole procedure was repeated with another group attending a later term of the course. Only items which were significant for both groups were included in the final evaluation. All others were disregarded.

The final step was to combine all significant items to get a single composite score indicating the relative success or failure of each man. The accuracy of these composite scores as a measure of the relative success of the men was determined by comparing them with the actual sales records. A high percentage of agreement was found to exist.

It is unfortunate that so careful a piece of scientific work as Dr. Ream has carried out could not have been based on a larger number of cases—123 being the number used.

The results would also have greater significance if a more reliable criterion of success could have been obtained. The number of sales made during the eleven-week period are so small that their probable error as a measure of success is relatively high.

But, as Dr. Ream himself states, the object was not so much to secure results susceptible of direct practical application as to test the validity of a technique or method of procedure. That this object

was accomplished is clearly indicated by the evidence set forth.

"Ability to Sell," which can be read through in a few hours, should be of value to everyone interested in the problem of selecting salesmen, and indeed to anyone considering taking up the work of salesmanship. Although it reports the results of a scientific piece of work, it is written in a non-technical and very readable style.

H. A. RICHMOND,

J. Walter Thompson Company.

Outlines of the Social Sciences. By E. S. Nelson, C. E. Martin and W. H. George. Times Mirror Press, Los Angeles, 1923. pp. xx + 780.

This is a very useful book for one who would get a working knowledge of Economics, Sociology, Political Science and of the common element in the three sciences.

W. J. D.

Personnel Management: Principles and Methods of Employment, Handling Men, Labor Policies, Training Workers, Safety-Morale, Industrial Relations. La Salle Extension University, 1924.

"Personnel Management" is a correspondence course issued in the form of a series of thirty-four study pamphlets, each one of which deals with a special phase of personnel relations. This series is issued under the directorship of Hugo Diemer and the immediate editorship of Meyer Bloomfield, assisted by Daniel Bloomfield. An Advisory Committee of thirteen persons actively engaged in industrial work cooperated in the preparation of the course. The titles of the separate study pamphlets suggest the scope of the course. Some of them are: 1. Importance of Personnel Work; 2. The Personnel Field; 3. Securing Workers; 4. Making and Using Job Analysis; 5. Choosing the Worker; 6. Employment Tests; 7. Records and Forms; 8. Timekeeping and Payrolls; 9. Absence and Tardiness; 10. Transfers, Promotions and Terminations; 11. Labor Turnover, Causes and Costs; 12. Labor

Turnover—How to Figure and How to Reduce; 13. The Labor Audit; 14. Training; 15. Industrial Training; 16. Training in Office and Store; 17. Executive Development and Training; 18. Employee Service Work; 19. Physical Working Conditions Affecting Production; 20. Safety; 21. Health Work; 22. Lunch Rooms, Clubs, Athletics, Recreation, Citizenship and Libraries; 23. Informing the Employee; 24. Insurance, Pensions, Savings and Loans; 25. The Factors that Determine Wages; 26. Methods of Wage Payments.

With each pamphlet there goes to the student who enrolls a specific problem which the student is required to solve and which is designed to require application of the general ideas developed in the study pamphlets to particular situations. Most of the study pamphlets contain from 30 to 50 pages of printed matter.

The purpose of this course is to supply useful information to persons in business who are interested in personnel management. Although it is not expressly so stated, it may be assumed that it is intended for persons who are anxious to become, but have not yet become "journeymen" in the field. The assembly of information and experience is encyclopedic in character. Many useful, practical suggestions of a concrete nature are presented. The beginner would get from this course some idea of the range of personnel activities and the relation of all of them to one common purpose, however far apart individually they may appear. Furthermore, the treatment, although extended, is interesting. A useful purpose has been served in the preparation of this material.

Effective use of the material presented, however, involves a recognition of the limitations of the work. The course does not undertake to be an original contribution either to the philosophy or methods of personnel management. While the personnel manager who has "arrived" and is "on to his game" will find the reading of this volume a useful review, most of its contents or their equivalent will already be familiar to him. One has the feeling

that the material assembled is in spots not entirely digested, that the presentation is, at times, inclined to repeat. This last fault may be justified in view of the nature of the audience and purpose of the course. It is further to be regretted that there are not frequent references in which the student who enrolls could follow up the suggestive leads offered in the course.

JOSEPH H. WILLITS,
Professor of Industry,
University of Pennsylvania.

Making Letters Talk Business. By Sherman Perry. American Rolling Mill Company, Middletown, 1924. 184 pages. \$1.25.

A novel feature of this readable, forceful manual for the correspondent and stenographer is a selection of words frequently misspelled accompanied by their Gregg Shorthand outlines. From the list of defunct phrases, which the author places in the discard with a brief comment on each, to the section on Essential English, with its grammatical hints, the book is well planned and should be a very great help in making correspondence more effective in diction, content and appearance. Of course, the latter is somewhat a matter of taste, as not all will agree that the blocked letter is the most desirable. Examples of creating a particular tone in difficult correspondence are especially direct. While the book was prepared primarily from the Armco viewpoint, that does not detract from its value to those in other lines of business.

E. M. K.

The People's Corporation. By King C. Gillette. Boni and Liveright, New York, 1924. 237 pages. \$2.

In "The People's Corporation" King C. Gillette proposes to outline "A Business Plan for the Reorganization of Society." His plan, so he claims, will do away with the wastes of competition, with the conflict between Capital and Labor with the

great difference between the extremes represented by the very wealthy and the very poor and will give to everyone a comfortable, happy living for a moderate amount of labor. The manager of this giant Corporation, the author declares, "will sweep away all forms of waste: class struggle, wars, industrial depressions, unemployment, middlemen, idle classes living on unearned incomes, superfluous occupations, such as law, insurance, salesmanship, finance, advertising, and crime. We will reduce 70 per cent inefficiency to zero, more than doubling our output, at first, and increasing that figure as the years go on.

With the elimination of profit and competition, all these will pass away. There will be no temptation to crime when every man can earn a decent living by moderate labor. There will be no temptation to compete, for it will be profitless to compete against the People's Corporation, with its control of raw materials, transportation, and technical knowledge. There will be no class struggle, and no wars, for the Corporation will unite conflicting elements, industrial and national, into one co-ordinated whole. As there is no struggle within a corporation, so there will be no struggle within this giant corporation. There will be no middlemen, for the Corporation will transport all goods directly from farm, factory, or mine to distributing stations, where the people may buy them at cost. There will be no unemployment or industrial depression, for the Corporation will function to supply needs, and as long as there is prospect of need, it will produce. Profits and the struggle for profits are also eliminated."

The author of this new socialistic and communistic scheme accepts as a basis two ideas that, according to my opinion, are inconsistent with human life and human nature. The first is that every human being is naturally free. On the title page of "The People's Corporation" appears a quotation beginning with these words: "Every human being should be free—it is his birthright—as free as though he were the only living being on earth." Com-

pare with this idea the following statement from "Antioch Notes," June 1, 1924, "Men are not born free, and have no inalienable right to freedom. Bondage in infancy is gradually replaced by increasing liberty. Capacity for freedom develops to different degrees in different persons. Idiots develop almost none. In a perfect society the freedom given always would be in proportion to responsibility achieved." I believe this latter statement is the correct one. Men are not born free. If man were the only living being on earth he would find the struggle to live so much more acute than it is today that he would in reality be a slave. Man achieves freedom and as he achieves freedom he lives more abundantly which is the highest and final aim of all human life. Someone has said:

"Life is the friction, the heat
From the unceasing struggle
That knows not defeat."

The more abundant life comes only through struggle. Men should seek not to eliminate struggle and competition but to change the conflict from war and fighting with its animosities and hatred to a game animated by the play spirit and highest type of sportsmanship.

This is not the place to point out the very generally accepted fact that governmental operation of industry—and in fact we might say of anything—is inefficient and from the very nature of the case must always be inefficient if compared with private operation. Men by their very nature want to profit by their efforts. You can no more eliminate profit and have a real world, a world in which it is desirable to live, than you can eliminate points for touchdowns and goals in a football game and have a real game. The wastes of competition are great but they are being reduced. Henry Ford has proved that under competitive conditions an article can be produced and sold at a very low cost and at the same time labor be paid very high wages. No "People's Corporation" or other corporation conducted by the government could produce the results Henry Ford has produced.

This is a presidential year and in politics competition is more than normally evident. It might be claimed that the cost of the campaigns of every defeated candidate and the cost of the National Conventions of every party except one represent tremendous wastes and that we should eliminate these wastes by selecting some family from which a Dictator should be chosen to rule over us to be succeeded by his son (or possibly daughter, for women have come into their own). When we decide such a scheme in politics and government is more desirable, we may be foolish enough to try a similar one in industry.

However, "The People's Corporation" will set a man to thinking. It is an attempt of an earnest minded man, a thinker and a philosopher, to make the road easy for everyone and prevent any from finding it too luxurious. But the road does "wind up hill all the way" and it is well for human life that it does, for no scheme of man can give to human beings the greater outlook, the beauty of view unless they climb the hill.

A. T. SIMONDS, *President,*
Simonds Saw & Steel Company.

Miners' Wages and the Cost of Coal.

By Isador Lubin. McGraw-Hill, New York, 1924. 289 pages. \$2.50.

The author has taken as his basis the workings of the competitive field agreement, which was organized to cure the ills of the industry in 1898 and which he admits has failed of its purpose, with which I agree. He is in error in many of his conceptions concerning differentials but space will not permit me to particularize. The competitive field agreement is responsible for the large development in the non-union territories. "Necessity is the mother of invention," and when strikes develop in the union fields the country looks to the non-union mines for their fuel and with each strike a renewed impetus is given to increase production to such an extent that at the present time

the non-union fields are supplying seventy-five per cent of the country's needs, while the union fields, with their high cost mines, are idle. The continued high wages of the union mines and the strike of 1922 have been more responsible for the development of loading machines than ever before and these will, in the future, play a large part in coal production.

Low wages do not always mean the cheapest production. It is not unusual to see a low vein, that pays a higher rate per ton, produce the coal at a lower cost and secure a better return for the product because of the quality offered. Conditions in the various seams must be taken into consideration and one of the controlling factors in this is the earning power of the miner.

I can't agree with Mr. Lubin, "That freight rates are relatively insignificant in determining wage rates and in obtaining competitive equality."

Frank J. Hayes, Ex-President of the United Mine Workers of America, says in one of his reports: "Our Union, in formulating wage scales, always considers the competitive relations existing between the various states, cost of mining, freight rates, etc."

In my opinion, freight rates are one of the most important factors in arriving at competitive equality. The entire economic conditions of our competitive and commercial livelihood largely depend on the construction of such rates and to the greatest possible extent, they are compiled on scientific principles. In my opinion, the consumers of coal should be allowed to obtain any class and quality of coal they desire, the carriers taking into consideration the cost of service and what the traffic will bear.

I agree with the author, in the last analysis, that the elimination of over expansion and over production will do more to bring the coal industry out of chaos than anything else and however harsh it may seem, the law of supply and demand must govern.

D. C. KENNEDY, *Secretary-Commissioner,*
The Kanawha Coal Operators' Asso.